REPORT OF EXAMINATION

OF THE

NATIONWIDE LIFE & ANNUITY COMPANY
OF AMERICA

AS OF

DECEMBER 31, 2006

I, Matthew Denn, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of DECEMBER 31, 2006 of the

NATIONWIDE LIFE AND ANNUITY COMPANY OF AMERICA

is a true and correct copy of the document filed with this Department.

ATTEST BY: Antoinette Handy

DATE: 24 JUNE 2008

In Witness Whereof, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THIS DEPARTMENT AT THE CITY OF DOVER, THIS 24TH DAY OF JUNE 2008.

Matt Denn

Insurance Commissioner

REPORT ON EXAMINATION

OF THE

NATIONWIDE LIFE AND ANNUITY COMPANY OF AMERICA

AS OF

December 31, 2006

The above captioned Report was completed by examiners of the Delaware Insurance Department.

Consideration has duly been given to the comments, conclusions, and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted, and filed as an official record of this Department.

MATTHEW DENN
INSURANCE COMMISSIONER

DATED this 24TH Day of JUNE 2008.

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SALUTATION

May 16, 2008

Honorable Alfred W. Gross
Chairman, Financial Condition (E)
Committee, NAIC
Virginia State Corporation Commission
Bureau of Insurance
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Richmond, Virginia 23219

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Secretary, Western Zone (IV), NAIC
New Mexico Public Regulation Commission
Insurance Division
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Sante Fe, New Mexico 87501

Honorable Matthew Denn
Commissioner of Insurance
State of Delaware, Insurance Department
841 Silver Lake Boulevard
Dover, DE 19904

Dear Commissioners:

In accordance with your instructions and pursuant to statutory provisions contained in Certificate of Authority No. 07.019, an association examination was made of the affairs and financial condition of:

NATIONWIDE LIFE AND ANNUITY COMPANY OF AMERICA

a Delaware domiciled stock life insurance company hereinafter referred to as the “Company” or NLACA. The examination was conducted at the main administrative offices at One Nationwide Plaza, Columbus, Ohio.

An examination report thereon is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Company was last examined as of December 31, 2004. Pursuant to the guidelines of the National Association of Insurance Commissioner's (NAIC) *Financial Condition Examiners Handbook* (FCEH), this examination followed the lead state approach to exam coordination. As such, the Ohio Department of Insurance was designated as the lead state and was responsible for coordinating the timing, scope and extent of examination procedures, as well as the utilization of specialists, and the allocation of work among examiners. The result of this approach is that this examination covered the two-year period from January 1, 2005 through December 31, 2006.

In addition to being performed as part of a multi-state exam, the current examination was conducted utilizing the NAIC Risk Surveillance Methodology. The "Risk Surveillance" approach, as outlined by the NAIC, seeks to identify residual risk relating to specific operational areas that are determined in part by the evaluation of design effectiveness and operating effectiveness of internal controls. Upon the determination of medium to high residual risk, additional examination procedures are performed to determine the monetary effect upon the Company's financial statements. Having performed the examination under the "Risk Surveillance" approach, the Delaware examiner utilized the work performed by others. The primary reliance was on work performed by the Company's external auditors, KPMG LLP, and the Ohio Department of Insurance examination team relating to the Investments and Treasury operation, Underwriting, Actuarial Loss Reserve review, Taxes, and Information Technology review.

The examination also consisted of a general survey of the Company's business policies and practices, management, any corporate matters incident thereto, a verification and evaluation of assets and a determination of liabilities as of December 31, 2006. Transactions subsequent to the latter date were reviewed where deemed necessary.

The format of this report is designed to explain the procedures employed on examination and the text will explain changes wherever made. If necessary, comments and recommendations have been made in those areas in need of correction or improvement. In such matters, these issues were thoroughly discussed with responsible officials during the course of the examination. The general procedure of the examination followed the rules established by the Committee of Financial Examiners Handbook, NAIC. Statements of Statutory Accounting Principles contained in the NAIC Accounting Practices and Procedures Manual as of March 2007 guided the conclusions reached. Work programs employed in the performance of this examination were designed to comply with the standards promulgated by the Delaware Insurance Department (Department) and the NAIC.

In addition to items hereinafter incorporated as part of the written report, the following were reviewed and made part of the workpapers of this examination:

Corporate Records
Officers, Employees & Agents Welfare
Fidelity Bonds and Other Insurance
Legal Actions
NAIC Ratios

The other Nationwide Group life insurance companies in scope for this examination, or being examined concurrently, are as follows:

Company	Reference name	Domicile
Nationwide Life Insurance Company	NLIC	OH
Nationwide Life and Annuity Insurance Company	NLAIC	OH
Nationwide Life Insurance Company of America	NLICA	PA
Nationwide Life Insurance Company of Delaware	NLICD	DE
Nationwide Life and Annuity Company of America	NLACA	DE

HISTORY

Nationwide Life and Annuity Company of America is organized as a stock life insurance company operating under the laws of the State of Delaware. The Company is a wholly owned subsidiary of Nationwide Life Insurance Company of America (NLICA). On October 1, 2002, pursuant to a sponsored demutualization, NLICA became a wholly owned subsidiary of Nationwide Financial Services, Inc. (NFS). Prior to the sponsored demutualization, NLICA was known as Provident Mutual Life Insurance Company, and NLACA was known as Providentmutual Life and Annuity Company of America.

CAPITALIZATION

The Company has 500,000 shares of authorized common stock, 250,000 shares issued and outstanding with a par value of $10 per share. The Company has no preferred stock outstanding, no advances to surplus, no special surplus funds, no surplus notes outstanding and no stock being held for special purposes. The Company paid a cash dividend to NLICA, its parent company, of $38,000 in 2006 and $2 million in 2005. All of the company stock is owned by NLICA.

The Company has common capital stock of $2,500,000, gross paid-in and contributed surplus of $44,164,500, and unassigned funds of $27,397,475. The Company's total surplus is $71,561,975. The Company's capital and surplus is $74,061,975.

Capital and surplus increased to $74.1 million at December 31, 2006 from $54.5 million at December 31, 2004, an increase of 36%. The major components of the change in capital and surplus for the years ended December 31, 2006 and 2005 are as follows:

	Common Capital Stock	Gross Paid in and Contributed Surplus	Unassigned Funds	Total
December 31, 2004	$2,500,000	$44,164,500	$ 7,868,192	$54,532,692
Net income	$	$	$20,141,834	$20,141,834
Net change in unrealized capital gains and losses			350,180	350,180
Change in net deferred income tax			(2,556,217)	(2,556,217)
Change in non-admitted assets			2,868,409	2,868,409
Change in asset valuation reserve			662,479	662,479
Surplus withdrawn from Separate Accounts			30	30
Other change in surplus on Separate Accounts			100,568	100,568
Dividends to stockholders			(2,038,000)	(2,038,000)
Change during the period	$	$	$19,529,283	$19,529,283
December 31, 2006	$2,500,000	$44,164,500	$27,397,475	$74,061,975

DIVIDENDS TO STOCKHOLDERS

The Company paid dividends to the stockholders during the period of examination of $38,000 and $2,000,000 in 2006 and 2005, respectively.

MANAGEMENT AND CONTROL

The bylaws require the Board of Directors to consist of not less than seven members. The Company's Board of Directors consisted of the following members at December 31, 2006.

Name	Principal Occupation
John Laughlin Carter	Senior Vice President, Non Affiliated Sales, Nationwide Financial Services
Timothy Gerard Frommeyer	Senior Vice President and Assistant Treasurer, NLICD and NLACA
William Gerald Jurgensen	Chief Executive Officer, NLICD and NLACA
Mark Raymond Thresher	President and Chief Operating Officer, Nationwide Financial Services
Robert Alan Rosholt	Executive Vice President and Chief Investment Officer, NLICD and NLACA
Peter Anthony Golato	President, NLICD and NLACA
Robert Clay Thompson	Vice President, NFS, NLICD and NLACA

The following officers had been elected by the Board of Directors and were serving at December 31, 2006:

Name	**Title**
Peter Anthony Golato	President
William Gerald Jurgensen	Chief Executive Officer
Patricia Ruth Hatler	Executive Vice President and Chief Legal and Governance Officer
Terri Lynn Hill	Executive Vice President
Robert Alan Rosholt	Executive Vice President and Chief Investment Officer
James David Benson	Senior Vice President and Treasurer
Timothy Gerard Frommeyer	Senior Vice President and Assistant Treasurer
Harry Hansen Hallowell	Senior Vice President and Assistant Treasurer
Gail G. Snyder	Senior Vice President
Denise M. Sortino	Senior Vice President, Information Technology
JoAnn McGoldrick	Associate Vice President and Secretary

The Company provided the examiners with a code of conduct statement, a formal conflict of interest policy and conflict of interest statements for review. The conflict of interest policy sets forth the ethical duties and responsibilities of the Board of Directors, officers, and employees to the Company. All directors and officers are required to sign conflict of interest statements annually.

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a holding company system as defined in 18 Del. C § 5001. The following displays the chain of ownership of NLACA as of December 31, 2006:

- Nationwide Mutual Insurance Company
  - Nationwide Corporation
    - Nationwide Financial Services, Inc.
      - Nationwide Life Insurance Company of America
        - **Nationwide Life and Annuity Company of America**
        - Nationwide Life Insurance Company of Delaware
        - Nationwide Provident Holding Company

INTERCOMPANY AGREEMENTS

Cost Sharing Agreement

The Company entered into a cost sharing agreement with Nationwide Mutual Insurance Company and other various affiliates as of July 1, 2002. Although the stated effective date was July 1, 2002, the agreement did not become legally effective, as it applies to the Company, until October 1, 2002, when the approval from the Delaware Insurance Department became effective. Among the services provided to the Company under the cost sharing agreement are operational services (which include advertising, underwriting, policy processing, claims adjustment and administration, data processing, accounting, actuarial, and other necessary services), and administrative services (which include payroll and benefits processing, investment management, legal administration, human resources, financial reporting, and other necessary administrative services).

The terms for the allocation of costs for services provided under this agreement appear to be equitable. The agreement calls for the costs associated with services provided to the Company to be allocated based on standard allocation techniques and procedures. Settlement of invoices associated with services provided is required within 90 days following the receipt of invoices from the Company providers.

Tax Sharing Agreement

Effective October 1, 2002, NLICA, NLACA, and NLICD agreed to file consolidated federal income tax returns along with combined state, local income or franchise tax returns. The terms of the agreement appear to be fair and equitable and the agreement provides that the Company's tax liability is to be determined on a separate company basis as if the Company was filing its own return.

REINSURANCE

The schedule below details the Company's direct premiums, assumed premiums, and ceded premiums as of December 31, 2006.

	Totals As of December 31, 2006
Direct premiums	$40,615,602
Reinsurance assumed	(74,787)
Reinsurance ceded	10,844,665
Net premiums and annuity considerations	$29,696,150

The total amount of premium ceded to all companies is $10,844,665. The Company ceded premiums to authorized affiliate companies of $3,468,396 or 32.0% of the total amount of ceded premiums. All of the ceded premiums to authorized affiliate companies were to the Company's parent, Nationwide Life Insurance Company of America.

The Company ceded premiums to authorized non-affiliated companies of $7,345,609 or 67.7% of the total amount of ceded premiums. Of that amount, the largest sessions were to Transamerica Occidental Life Insurance Company (coinsurance treaty) in the amount of $3,020,651 or 27.9% of the total premium ceded, RGA Reinsurance Company in the amount of $1,163,128 or 10.7% of the total ceded premiums, General Re Life Corporation in the amount of $910,953 or 8.4% of the total ceded premiums, and Transamerica Occidental Life Insurance Company (yearly renewable term treaty) in the amount of $576,007 or 5.31% of the total premium ceded, Scottish Re Inc. in the amount of $648,816 or 6.0% of the total premium ceded. All other sessions to non-affiliates were for less than 5%.

The company had reinsurance with unauthorized non-affiliated companies in the amount of $30,657 or less than 1.0% of the total premiums ceded.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to write Life (including Annuities), Credit Life, Accident and Health and Credit Accident and Health insurance in 49 states, the District of Columbia and Puerto Rico, each of which has regulatory oversight. Sales in 20 states accounted for 82% of the Company's sales for the year-ended December 31, 2006. The Company distributes its products through a variety of distribution channels, principally personal producing general agents and brokers in geographic locations where NLICA does not have career agencies.

The Company sells individual variable and traditional life insurance products. The Company also maintains blocks of individual variable and fixed annuities. Effective with the sponsored demutualization and acquisition by NFS on October 1, 2002, a strategic decision was made to write all future individual fixed and variable annuity products through other life insurance subsidiaries of NFS. As a result of this decision, the Company has seen a shift in its product mix. In the year prior to the sponsored demutualization, individual life insurance represented 27% of total individual life and annuity considerations. In 2006, this amount increased to 90%.

GROWTH OF COMPANY

The following information is taken from the Company's filed Annual Statements:

Year	Admitted Assets	Capital and Surplus	Premium Income	Net Income
2004	$1,052,411,277	$54,532,692	$36,840,822	$12,130,018
2005	957,688,463	63,557,707	29,141,727	9,953,098
2006	909,864,018	74,061,975	29,696,150	10,188,736

See the "Territory and Plan of Operation" section of this report for an explanation of the changes in the Company's growth during the period under examination.

ACCOUNTS AND RECORDS

The Company's accounting records were reviewed for the period under examination. No exceptions or errors were noted. The Company's accounts and records consist of electronic data processing systems and manual accounting records. The Company's electronic data processing systems were tested by the Ohio Department of Insurance. No major exceptions, errors or problems were noted by the Ohio Department of Insurance regarding the Company's accounts and records.

KPMG LLP audited the Company’s December 31, 2005 and 2006 statutory financial statements. The audited statutory financial statements were reviewed for all years under examination and it was noted that the CPA firm issued unqualified opinions for each year under review. Workpapers from the 2005 and 2006 audit files were utilized to the fullest extent possible.

FINANCIAL STATEMENTS

The financial condition of the Company as of December 31, 2006, and the results of its operations for the period under examination are reflected in the following statements:

Statement of Assets
Liabilities Surplus and Other Funds
Summary of Operations
Capital and Surplus Account
Separate Accounts Assets
Separate Accounts Liabilities and Surplus

It should be noted that the various schedules and exhibits may not add to the total shown due to rounding.

Statement of Assets

	Assets	Nonadmitted Assets	Net Admitted Assets	Notes
Bonds	$269,174,371	$	$269,174,371	1
Common stocks (stocks)	949,067		949,067	
First liens - mortgage loans on real estate	57,132,896		57,132,896	
Cash, and short-term investments	23,578,213		23,578,213	
Contract loans	14,965,345	1,950	14,963,395	
Receivables for securities	1,174,254	44,623	1,129,631	
Subtotals, cash and invested assets	$366,974,146	$ 46,573	$366,927,573	
Investment income due and accrued	3,658,151		3,658,151	
Uncollected premiums and agents' balances in the course of collection	(60,766)		(60,766)	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,694,246		1,694,246	
Amounts recoverable from reinsurers	2,880,797		2,880,797	
Other amounts receivable under reinsurance contracts	89,577		89,577	
Net deferred tax asset	11,316,103	8,955,431	2,360,672	
Guaranty funds receivable or on deposit	356,386		356,386	
Aggregate write-ins for other than invested assets	1,517,315	327,690	1,189,625	
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	$388,425,955	$9,329,694	$379,096,261	
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	530,767,757		530,767,757	
Totals	$919,193,712	$9,329,694	$909,864,018	

Liabilities, Surplus and Other Funds

		Notes
Aggregate reserve for life contracts	$283,544,218	2
Liability for deposit-type contracts (including $0 Modco reserve)	14,381,092	2
Life (contract claims)	772,788	
Policyholders' dividends due and unpaid	24,859	
Dividends apportioned for payment	1,084,200	
Premiums and annuity considerations for life and accident and health contracts received in advance	17,817	
Other amounts payable on reinsurance	432,112	
Interest maintenance reserve	3,126,365	
General expenses due or accrued	726,316	
Transfers to Separate Accounts due or accrued	(22,007,636)	
Taxes, licenses and fees due or accrued, excluding federal income taxes	836,902	
Current federal and foreign income taxes	2,995,973	
Unearned investment income	1,647	
Amounts withheld or retained by company as agent or trustee	377,927	
Amounts held for agents' account,	286,266	
Remittances and items not allocated	1,579,401	
Asset valuation reserve	2,481,981	
Payable to parent, subsidiaries and affiliates	14,932,683	
Aggregate write-ins for liabilities	24,667	
Total liabilities excluding Separate Accounts business	$305,619,578	
From Separate Accounts statement	530,182,465	
Total liabilities	$835,802,043	
Common capital stock	$ 2,500,000	
Gross paid in and contributed surplus	$ 44,164,500	
Unassigned funds (surplus)	27,397,475	
Surplus	$ 71,561,975	
Totals of common and preferred stock and surplus	$ 74,061,975	
Totals of liabilities, common and preferred stock and surplus	$909,864,018	

Summary of Operations

Premiums and annuity considerations for life and accident and health contracts	$ 29,696,150
Considerations for supplementary contracts with life contingencies	1,530,729
Net investment income	18,791,089
Amortization of Interest Maintenance Reserve (IMR)	951,482
Separate Accounts net gain from operations excluding unrealized gains or losses	39,900
Commissions and expense allowances on reinsurance ceded	2,616
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	5,949,617
Aggregate write-ins for miscellaneous income	981
Totals	$ 56,962,564
Death benefits	$ 3,322,079
Matured endowments	13,408
Annuity benefits	6,290,434
Disability benefits and benefits under accident and health contracts	18,506
Surrender benefits and withdrawals for life contracts	154,916,895
Interest and adjustments on contract or deposit-type contract funds	910,145
Payments on supplementary contracts with life contingencies	1,342,009
Increase (decrease) in aggregate reserves for life and accident and health contracts	(31,283,336)
Totals	$135,530,140
Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	2,916,111
Commissions and expense allowances on reinsurance assumed	30,521
General insurance expenses	3,366,247
Insurance taxes, licenses and fees, excluding federal income taxes	1,060,106
Increase in loading on deferred and uncollected premiums	(10,412)
Net transfers to or (from) Separate Accounts net of reinsurance	(99,754,566)
Totals	$ 43,138,147
Net gain from operations before dividends to policyholders and federal income taxes	$ 13,824,417
Dividends to policyholders	1,043,821
Net gain from operations after dividends to policyholders and before federal income taxes	$ 12,780,596
Federal and foreign income taxes incurred (excluding tax on capital gains)	2,560,841
Net gain from operations after dividends to policyholders and federal income tax and before realized capital gains or (losses)	$ 10,219,755
Net realized capital gains or (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $(27,460) (excluding taxes of $58,479 transferred to the IMR)	(31,019)
Net income (net gain from operations after dividends to policyholders plus net realized capital gains or (losses))	$ 10,188,736

Capital and Surplus Account

Capital and surplus, December 31, prior year	$63,557,707
Net income	$10,188,736
Change in net unrealized capital gains or (losses)	322,817
Change in net deferred income tax	(893,071)
Change in nonadmitted assets and related items	862,014
Change in asset valuation reserve	(1,031)
Other changes in surplus in Separate Accounts statement	62,803
Dividends to stockholders	(38,000)
Net change in capital and surplus for the year	$10,504,268
Capital and surplus, December 31, current year	$74,061,975

Separate Accounts Assets

	General Account Basis	Fair Value Basis	Total
Common stocks (stocks)	$530,767,757		$530,767,757
Subtotals, cash and invested assets	530,767,757		530,767,757
Totals	$530,767,757		$530,767,757

Separate Accounts Liabilities and Surplus

	General Account Basis	Fair Value Basis	Total	Notes
Aggregate reserve for life contracts		$508,174,524	$508,174,524	2
Other transfers to general account due or accrued		22,007,636	22,007,636	
Remittances and items not allocated		305	305	
Total liabilities		530,182,465	530,182,465	
Aggregate write-ins for special surplus funds		585,292	585,292	
Unassigned funds				
Unassigned funds (surplus)				
Total Surplus		585,292	585,292	
Total Liabilities and Surplus		$530,767,757	$530,767,757	

SCHEDULE OF EXAMINATION CHANGES

No financial adjustments were made to this examination report.

FOOTNOTES TO FINANCIAL STATEMENTS

Note 1 - Bonds **$269,174,371**

The admitted value of bonds was $269,174,371 and comprises 71.0% of the Company's total assets (excluding Separate Accounts). Over 96% of these investments are rated 1 and 2 by the NAIC. The Company's bond portfolio is comprised of U.S. Government securities and investment grade public utility and corporate securities.

Note 2 - Aggregate Reserve for Life Contracts

GENERAL ACCOUNT

Aggregate reserve for life contracts **$283,544,218**

This liability is reported on Page 3, Line 1 and in Exhibit 5 of the 2006 General Account (GA) Annual Statement. The reserve breakdown (difference due to rounding) in Exhibit 5, by type of benefit, is as follows:

Life Insurance	$ 66,091,875
Annuities	206,446,116
Supplementary Contracts with Life Contingencies	9,214,378
Disability - Active Lives	88,355
Disability - Disabled Lives	1,050,317
Miscellaneous	653,178
Grand Totals (Net)	$283,544,219

General

The primary risks associated with the life insurance segments are adverse mortality and mismatching of asset and liability cash flows. The primary risks associated with the annuity segments involve reinvestment risks, interest rate volatility, adverse mortality and mismatching of asset and liability cash flows. The ability of reserves to cover such risks can be evaluated by asset adequacy / cash flow testing (CFT) analysis. The consulting actuary performed a review of the 2006 Actuarial Opinion Memorandum (AOM) and has accepted the Company's conclusion that additional actuarial reserves are not required.

Liability for Deposit Type Contracts	**$14,381,092**

This liability is reported on Page 3, Line 3 and in Exhibit 7 of the 2006 Annual Statement and is broken down as follows:

Annuities Certain	$ 6,216,736
Supplemental Contracts	7,668,023
Dividend accumulations or refunds	190,764
Premium and other deposit funds	305,569
Total (Gross and Net)	$14,381,092

General

The primary risks associated with the above liability segments involve interest rate volatility, reinvestment and asset default risks. The ability of reserves to cover such risks can be evaluated by asset adequacy/cash flow testing (CFT) analysis. The consulting actuary performed a review of the 2006 AOM and has accepted the Company's conclusion that additional actuarial reserves are not required.

SEPARATE ACCOUNTS

Aggregate reserve for life, annuity and accident and health contracts	**$508,174,524**

General

This reserve is reported on Page 3, Line 1 and in Exhibit 3 of NLACA's 2006 Separate Accounts (SA) Annual Statement. The amount of $201,929,012 is held for variable universal life (VUL) and the amount of $306,245,512 is held for variable deferred (VDA) annuity products. The contract owner bears the investment risk; the primary risks associated with this product are adverse mortality and inadequate pricing. The ability of reserves to cover such risks can be evaluated by asset adequacy / cash flow testing (CFT) analysis. The consulting actuary performed a review of the 2006 AOM and has accepted the Company's conclusion that additional actuarial reserves are not required.

STATUS OF PRIOR EXAMINATION RECOMMENDATIONS

The prior examination report as of December 31, 2004, contained four recommendations. Those findings with their current status are as follows:

> It is recommended that the Company's Board of Directors review and approve the Independent CPA Audit Report and the Actuarial Opinion each year at its Annual Meeting.
>
> *The Company has complied with this recommendation.*
>
> It is again recommended that the Company comply with investment guidelines by submitting newly acquired unlisted securities to the NAIC SVO within 120 days of purchase.
>
> *The Company has complied with this recommendation.*
>
> It is recommended that the Company amend its custody agreement with the Bank of New York to include language substantially similar to the language included in the NAIC's Indemnification Clause.
>
> *The Company has complied with this recommendation.*
>
> It is again recommended that the Company develop and retain documentation demonstrating compliance with Section 1323(e) of the Delaware Insurance Code for investments in mortgage participations.
>
> *The Company has complied with this recommendation.*

RECOMMENDATIONS

There were no recommendations as a result of this examination.

CONCLUSION

The following schedule shows the changes from the previous examination.

Description	December 31, 2004	December 31, 2006	(Decrease)
Assets	$1,052,411,277	$909,864,018	$(142,547,259)
Liabilities	$ 997,878,585	$835,802,043	$(162,076,542)
Capital and Surplus	54,532,692	74,061,975	19,529,283
Total Liabilities and Surplus	$1,052,411,277	$909,864,018	$(142,547,259)

In addition to the undersigned, Frank Podrabarac of INS Consultants, Inc. participated in this examination.

The examiner would like to extend his thanks to the Company Employees.

Respectfully submitted,

Max Vega

Max P. Vega, CFE, AIE
Examiner in Charge
State of Delaware
Northeastern Zone, NAIC